

Message Text

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44

ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

OPIC-03 XMB-02 /106 W

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R 211549Z AUG 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2283

INFO AMEMBASSY ALGIERS

AMEMBASSY BERN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY VIENNA

AMCONSUL STUTTGART

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E.O. 11652: N/A

TAGS: ENGR, AG, GW, XT

SUBJECT: INCONCLUSIVE SAGAPE-SONATRACH TALKS IN ALGIERS

REF: A. BONN 3075 B. BONN 5882 C. BONN 7524

1. SUMMARY: AUGUST 18-19 TALKS BETWEEN ALGERIAN
SONATRACH AND EUROPEAN CONSORTIUM SAGAPE FAIL TO
RESOLVE DIFFERENCES OVER PRICE, CONTRACT TERMS.
SAGAPE DENIES PRESS CLAIM THAT PROJECT HAS ABORTED.
NEW SAGAPE MOVE EXPECTED BY AUGUST 28. END SUMMARY.

2. AUGUST 20 DIE WELT CLAIMED THAT PROJECT OF SAGAPE
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CONSORTIUM (SOCIETE D'ACHAT DE GAZ ALGERIEN POUR

L'EUROPE) TO IMPORT ALGERIAN GAS HAS ABORTED BECAUSE TALKS EARLIER THIS WEEK IN ALGIERS FAILED TO BRIDGE GAP ON PRICE, CONTRACT TERMS. (PROJECT CALLS FOR ANNUAL DELIVERIES OF 15.5 MILLION CUBIC METERS OF GAS FOR 20 YEARS, BEGINNING 1979.)

3. SAGAPE PRESIDENT SCHWARZ SAME DATE DENIED COLLAPSE OF CONSORTIUM PROJECT TO IMPORT ALGERIAN GAS, BUT HE CONCEDED THAT PRICING QUESTION, INTER ALIA, STILL UNRESOLVED. HANDELSBLATT QUOTES HIM AS SAYING THAT "DOOR FOR FURTHER TALKS REMAINS OPEN" AND THAT, IN ANY EVENT, EUROPE MUST HAVE ALGERIAN GAS "ON ECONOMIC TERMS" TO COVER ITS LONG-TERM ENERGY NEEDS.

4. WORKING LEVELS IN ECONOMICS, FOREIGN MINISTRIES SEE THIS WEEK'S TALKS AS LATEST TWIST IN TANGLED SKEIN REACHING BACK TO PROJECT'S INCEPTION DECEMBER 1972. GOEPNER IN ECONMIN'S GAS OFFICE SAYS SAGAPE WILL REVIEW BIDDING AND SUBMIT NEW PROPOSALS TO SONATRACH BY AUGUST 28. HE BELIEVES PROJECT WILL ULTIMATELY SUCCEED.

CASH

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06 JUL 2006

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